

## Message Text

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15

ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 PA-01 PRS-01 EUR-12 IO-11 NEA-10

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P R 170826Z FEB 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 2178

INFO AMEMBASSY TOKYO

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USADB

E.O. 11652: ADS, DECLAS 8/17/76

TAGS: EAID, EFIN

SUBJECT: ADB PRESIDENT RETIREMENT

PASS TREASURY FOR BUSHNELL/ZINMAN

REF: (A) MANILA 2057, (B) TREASURY 131659Z FEB 76

1. RE QUERY PARA 1 REF B, JAPANESE DIRECTOR SAID HE HAS NO INSTRUCTIONS FROM HIS GOVT ON ELECTION TIMING OF NEW PRESIDENT BUT EXPECTS ELECTION PROCESS TO BEGIN AFTER APRIL ANNUAL MEETING AS SUGGESTED IN ADB PRESIDENT'S TELEGRAM TO GOVERNORS 11 FEBRUARY AND ANTICIPATES COMPLETION BY END JULY OR EARLY AUGUST. ELECTION PROCESS IS DESCRIBED IN ADB DOCUMENT EX/M2-72 DATED 29 JUNE 1972 WHEN BOARD OF DIRECTORS IN EXECUTIVE SESSION RECOMMENDED ELECTION PROCEDURE OUTSIDE OF ANNUAL OR SPECIAL MEETING OF BOARD OF GOVERNORS. BRIEFLY PROCESS WOULD BE FOR CHAIRMAN OF LIMITED OFFICIAL USE

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BOARD OF GOVERNORS TO REQUEST BY CABLE NOMINATIONS

FROM ALL GOVERNORS IN ONE MONTH. CHAIRMAN WOULD THEN REQUEST SECRETARY OF BOARD TO INFORM ALL GOVERNORS OF NOMINATIONS AND CUDUCT BALLOT FOR ELECTION OF PRESIDENT IN ACCORDANCE WITH ARTICLE 34 OF BANK CHARTER. VOTES BY CABLE WOULD BE CAST AT END OF A MONTH'S TIME. IF NO CANDIDATE RECEIVES REQUIRED MAJORITY SUCCESSIVE BALLOTS WOULD BE CONDUCTED UNTIL ONE CANDIDATE RECEIVES MAJORITY VOTE SINCE CANDIDATE WITH LEASE VOTES WOULD BE ELIMINATED AFTER EACH BALLOT.

2. RE PARA 2REF B, MANY DIRECTORS PRIVATELY AGREE TO NECESSITY TO MAINTAIN CONTINUITY BANK MANAGEMENT UNDER NEW ADB PRESIDENT FOR ABOUT ONE YEAR BY REAPPOINTING VICE PRESIDENT FOR TERM TO TERMINATE SOMETIME IN SEPTEMBER TO DECEMBER 1977. NO DIRECTOR QUESTIONED OR EXPRESSED CONCERN ABOUT ADB PRESIDENT'S PROPOSAL. SOME DIRECTORS UNDERSTOOD TERM WOULD BE EIGHTEEN MONTHS TO 2 YEARS FROM MARCH 1976 INSTEAD OF 2 YEARS REPORTED IN REF A. GERMAN ALTERNATE DIRECTOR SAID HIS GOVT AGREES TO ONE YEAR TERM UNDER NEW PRESIDENT. SOME DIRECTORS THOUGHT THAT END DECEMBER 1977 MIGHT BE APPROPRIATE ALSO. CANDIAN DIRECTOR SAID HE COULD SUPPORT PRESIDENT'S PROPOSAL OR OTHERS SINCE DIFFERENCES ARE ONLY MATTER OF FEW MONTHS.

3. THIS VIEW MAY BE DUE TO UNDERSTANDING THAT VICE PRESIDENT'S SECOND FIVE YEAR TERM OF OFFICE TERMINATES 18 DECEMBER 1976 AND THAT HE HAD STATED INFORMALLY HIS INTENTION TO RESIGN 10 SEPTEMBER 1976, ONE DAY PRIOR TO HIS 55TH BIRTHDAY TO BE ELIGIBLE TO WITHDRAW IN LUMP SUM HIS ACCUMULATED PENSION AND RETURE TO INDIA. IN CONSEQUENCE DIRECTORS FELT THAT IN VIEW OF ANNOUNCED DEPARTURE OF ADB PRESIDENT ON 23 NOVEMBER 1976, ADB VICE PRESIDENT WOULD NEED TO BE PERSUADED TO ACCEPT REAPPOINTMENT IN INTEREST OF CONTINUITY. ADB PRESIDENT AND MOST DIRECTORS SEEMED TO BE AWARE THAT ADB CIVE PRESIDENT'S NAME HAD BEEN MENTIONED FOR IFAD POSITION. AUSTRALIAN ALTERNATE DIRECTOR STATED THAT HE UNDERSTOOD IT HAD BEEN REJECTED LAST OCTOBER. HOWEVER, UK DIRECTOR SAID THAT HE UNDERSTOOD UK IS LIMITED OFFICIAL USE

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ACTIVELY SUPPORTING KRISHNA MOORTHI FOR IFAD POST. JAPANESE DIRECTOR NOTED THAT ADB PRESIDENT SEEKS NOT ONLY UNANIMOUS SUPPORT OF BOARD OF DIRECTORS FOR REAPPOINTMENT OF VICE PRESIDENT, BUT ALSO APPROVAL OF INDIAN GOVT WHICH VICE PRESIDENT WOULD REQUEST.

4. IN VIEW OF UNCERTAINTY ABOUT EXACT TERMS AND TERMINATION DATE FOR REAPPOINTMENT OF VICE

PRESIDENT, USADB WOULD APPRECIATE FLEXIBLE GUIDANCE  
SOONEST IF ADB PRESIDENT PROPOSAL IS GENERALLY ACCEPTABLE.  
SULLIVAN

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## Message Attributes

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